

21 May 1961

PERSONAL

Dear Elmer: *State* *Case*

Thank you very much for the information in your letter of May 30th about the nature of the Mutual Security Act appropriations.

In order to clarify further the technicalities in regard to transfers to this Agency, I invite your attention to section 5 of the Central Intelligence Agency Act of 1949, as amended, which reads in part as follows:

Section 5. *Formerly Section 67* In the performance of its functions, the Central Intelligence Agency is authorized to--

(a) Transfer to and receive from other Government agencies such sums as may be approved by the Bureau of the Budget, for the performance of any of the functions or activities authorized under sections 102 and 303 of the National Security Act of 1947 (Public Law 253, Eightieth Congress), and any other Government agency is authorized to transfer to or receive from the Agency such sums without regard to any provisions of law limiting or prohibiting transfers between appropriations. Sums transferred to the Agency in accordance with this paragraph may be expended for the purposes and under the authority of this Act without regard to limitations of appropriations from which transferred . . . .

As you know, this is the basic authority on which appropriated funds are obtained for the Agency on a secure basis. Technically, if the Bureau of the Budget approves the transfer, any funds

(EXECUTIVE REGISTRY FILE *Budget*)

appropriated to other agencies can be transferred to the Central Intelligence Agency and are not subject to the limitations of the original appropriation language. They may then be spent for the purposes of this Agency, and the expenditures may be certified by me for confidential, extraordinary, or emergency purposes, and my certification in such cases is final.

I believe, therefore, that there is legal basis for the transfer of any Mutual Security Act funds to this Agency for its purposes, but whether any such transfer would be appropriate would be subject to negotiation between the Department of State, the Bureau of the Budget, and this Agency. Since such a transfer would be in effect an increase of the amount approved by our own appropriations subcommittees, I feel it would be proper to inform them also.

As you may know, there have been instances where the Department of State and the International Cooperation Administration have requested this Agency to act as their agent for the expenditure of certain Mutual Security Act funds on the ground that our facilities provide a more secure and effective means of funding. This is not in the nature of a supplementation of our appropriation approvals and, therefore, does not present a question of prior approval by our appropriations subcommittees.

Sincerely,

**SIGNED**

Allen W. Dulles  
Director

Honorable Elmer B. Staats  
Deputy Director  
Bureau of the Budget  
Washington 25, D. C.

Distribution:

Orig & 1 - Addressee *via DD/S*

1 - DCI via reading

1 - DDCI

- ① - ER (w/basic)

1 - DD/SC

Originated OGC:LRH:jeb

Rewritten O/DCI/AWD/mfb (last page only  
to omit last para.)

1 - Comptroller

1 - General Counsel

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MEMORANDUM FOR: THE DIRECTOR

Elmer Staats' letter of May 30th on transfer of MSA funds to CIA was apparently written in ignorance of our statutory transfer authorities. Although he wrote in a personal form, I think it might be well to complete the record by a description of other authorities and means for transfers. I have, therefore, drafted a personal letter for this purpose for your signature.

LAWRENCE R. HOUSTON  
General Counsel

16 June 1961

(DATE)

CONCUR

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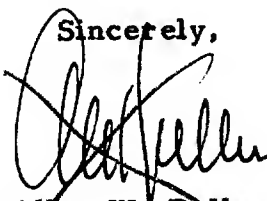
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~~In all cases where I make final certification of the expenditures involved, the General Accounting Office does not obtain access to the records.~~

Sincerely,



Allen W. Dulles  
Director

Honorable Elmer B. Staats  
Deputy Director  
Bureau of the Budget  
Washington 25, D. C.